

Message Text

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FM AMEMBASSY RABAT

TO SECSTATE WASHDC 9654

C O N F I D E N T I A L RABAT 4735

E.O. 11652: GDS

TAGS: EINV ENRG MO

SUBJECT: SETTLEMENT OF ESSO CASE

1. FOLLOWING REPORT RECEIVED FROM AMCONSUL CASABLANCA.

BEGIN TEXT. DURING INITIAL COURTESY CALL AUGUST 27, MOHAMED DOUEIB, PRESIDENT OF SOCIETE NATIONALE DES PRODUITS PETROLIERS (SNPP), TOLD ME THAT EXXON TEAM WOULD BE VISITING MOROCCO IN NEXT FEW WEEKS TO SIGN FINAL PAPERS COVERING GOM PURCHASE OF ESSO INTERESTS. DOUEIB STATED THERE IS COMPLETE AGREEMENT ON PRICE AND OTHER IMPORTANT FACTORS, AND LAWYERS ARE NOW WORKING OUT FINAL DETAILS. ACCORDING DOUEIB, FINAL SETTLEMENT WILL INCLUDE PROVISION FOR EXXON TO CONTINUE TO SUPPLY ON EXCLUSIVE BASIS FORMER ESSO DISTRIBUTION SYSTEM IN MOROCCO.

2. DOUEIB SAID THAT IN VIEW OF GOM POLICY OF OWNING ONLY 50 PER CENT OF OIL DISTRIBUTION COMPANIES (E.G., TEXACO, MOBIL) SNPP PLANS TO REDUCE MOROCCAN PARTICIPATION BY "MARRYING" ESSO INTERESTS WITH THOSE OF ANOTHER OIL COMPANY (HE INDICATED NOT MOBIL NOR TEXACO). THIS HAS ALREADY BEEN DONE WITH AGIP AND BRITISH PETROLEUM WHERE GOM HOLDS HALF AND TWO FOREIGN COMPANIES HOLD HALF (ALTHOUGH ACTUAL OUTLETS IN MOROCCO STILL BEAR SEPARATE AGIP OR BP SIGNS). EXXON KNOWS OF THIS PLAN AND HAS NO PROBLEMS WITH IT. END TEXT.

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3. EMBASSY COMMENT. WHILE THERE IS ESSENTIALLY NOTHING

NEW IN FOREGOING, WE HAVE NOT HEARD FROM ESSO PRESIDENT VASTOLA IN SEVERAL WEEKS. IT THEREFORE REASSURING TO LEARN FROM INFORMED GOM SOURCE THAT NEGOTIATIONS APPARENTLY CONTINUE TO PROGRESS. WE HAVE HOWEVER BEEN DISAPPOINTED BEFORE WHEN GOM PROMISES MIS-ANTICIPATED DEVELOPMENTS. LAST STATE-OF-PLAY READING (RABAT 1664) WAS, AS REPORTED CONGEN CASA, THAT PRICE AND CONTINUATION OF SUPPLY ARRANGEMENTS ACCEPTABLE TO BOTH SIDES, BUT THAT SATISFACTORY SETTLEMENT OF \$1 MILLION PLUS BACK TAX CLAIM MUST ALSO BE ACHIEVED AS PART OF SETTLEMENT PACKAGE BEFORE ESSO AFRICA WILL SIGN AGREEMENT. NEITHER WE NOR CONGEN CASA HAS CURRENT READING ON TAX ISSUE. END COMMENT.
ANDERSON

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